

AMENDED IN SENATE JUNE 7, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 782

Introduced by Assembly Member Brownley

February 17, 2011

An act to amend Sections 20222.5 and 22797 of the Government Code, relating to public employee benefits.

LEGISLATIVE COUNSEL'S DIGEST

AB 782, as amended, Brownley. Public employee benefits: audits.

The Public Employees' Retirement Law (PERL) creates the Public Employees' Retirement System (PERS), which provides a defined benefit to its members based on age at retirement, service credit, and final compensation. PERL authorizes the Board of Administrator of PERS during the course of an audit, to require each state agency, school employer, and contracting agency, to provide information or make available for examination or copying at a specified time and place, or both, books, papers, any data, or records, as deemed necessary by the board to determine the correctness of retirement benefits, reportable compensation, enrollment in, and reinstatement to, this system.

The Public Employees' Medical and Hospital Care Act also authorizes the board or an authorized representative to perform audits of each employer and to require the employer to provide information or make available for examination and copying books, papers, data, and records, as specified.

This bill would require the board to notify the subject of an audit, before initiating the audit, of the estimated time required to complete the audit. The bill would specify factors upon which the estimate would be based. The bill would authorize the board to assess a reasonable

charge upon the employer to recover additional costs incurred for the excess time to complete the audit if an audit requires an excess of the time estimated, *except that a contracting agency would not be assessed for delays during the course of an audit that are reasonably outside of the agency's control.*

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 20222.5 of the Government Code is
2 amended to read:

3 20222.5. (a) The board may, during the course of an audit,
4 require each state employer, school employer, including each
5 school district represented by a school employer, and contracting
6 agency, to provide information or make available for examination
7 or copying at a specified time and place, or both, books, papers,
8 any data, or records, including, but not limited to, personnel and
9 payroll records, as deemed necessary by the board to determine
10 the correctness of retirement benefits, reportable compensation,
11 enrollment in, and reinstatement to this system.

12 (b) Before initiating an audit, the board shall notify the subject
13 of the audit of the estimated time required to complete the audit.
14 The estimate shall be based upon various factors, including, but
15 not limited to, the following:

- 16 (1) The number of employees.
- 17 (2) Employment classifications.
- 18 (3) Benefits.
- 19 (4) Contract provisions.
- 20 (5) Geographical location.
- 21 (6) Time required for audits of comparable entities.

22 (7) *Additional time factors raised by the subject of the audit.*

23 (c) If an audit requires an excess of the time estimated, the board
24 may assess a reasonable charge upon the employer to recover
25 additional costs incurred for the excess time to complete the audit.
26 *A contracting agency shall not be assessed for delays during the*
27 *course of an audit that are reasonably outside of the agency's*
28 *control.*

29 (d) The information obtained from an employer under this
30 section shall remain confidential pursuant to Section 20230.

1 SEC. 2. Section 22797 of the Government Code is amended
2 to read:

3 22797. (a) The board or an authorized representative may
4 perform audits of each employer and may, at a specified time and
5 place, require the employer to provide information or make
6 available for examination and copying books, papers, data, and
7 records, including, but not limited to, personnel and payroll records,
8 as deemed necessary by the board to determine compliance with
9 the provisions of this part.

10 (b) Before initiating an audit, the board shall notify the subject
11 of the audit of the estimated time required to complete the audit.
12 The estimate shall be based upon various factors, including, but
13 not limited to, the following:

14 (1) The number of employees.

15 (2) Employment classifications.

16 (3) Benefits.

17 (4) Contract provisions.

18 (5) Geographical location.

19 (6) Time required for audits of comparable entities.

20 (7) *Additional time factors raised by the subject of the audit.*

21 (c) If an audit requires an excess of the time estimated, the board
22 may assess a reasonable charge upon the employer to recover
23 additional costs incurred for the excess time to complete the audit.
24 *A contracting agency shall not be assessed for delays during the*
25 *course of an audit that are reasonably outside of the agency's*
26 *control.*

27 (d) The information obtained from an employer shall remain
28 confidential.